

Consider approving agreement with First Southwest Asset Management.

Moved: **Commissioner Hays**

Seconded: **Commissioner Limmer**

Motion: To approve agreement with First Southwest Asset Management.

Vote: 5 – 0

<Clerk Copy Here>



Terence P. Burke, CPA
President
Investment Management

April 13, 2000

The Honorable Vivian Wood
Treasurer
Williamson County
710 Main Street, Suite 302
Georgetown, Texas 78626-5713

Re: **Contract for Investment Advisory Services**

Dear Vivian:


We were very pleased to learn of the County's selection to us First Southwest Asset Management, Inc. for investment advisory services.

Enclosed are two executed copies of the contract for Investment Advisory Services between Williamson County and First Southwest Asset Management, Inc. Please sign both copies and return one copy for our records.

In addition, pursuant Securities and Commission requirements, and paragraph XV.K. of the enclosed contract, we are enclosing a copy of our most recent Part II of SEC Form ADV (Uniform Application for Investment Adviser Registration), which provides information about the structure of our service.

Thank you for this opportunity and we look forward to working with you and your staff. Please do not hesitate to contact me at (214) 953-4031 or 1-800-575-3792 if you have any questions.

Sincerely,



Terence P. Burke

Copy to: Dan Wegmiller, First Southwest Company – Austin
Scott McIntyre, First Southwest Asset Management – Austin

AGREEMENT
FOR
INVESTMENT ADVISORY SERVICES
BY AND BETWEEN

WILLIAMSON COUNTY, TEXAS
AND
FIRST SOUTHWEST ASSET MANAGEMENT, INC.

This Investment Advisory Agreement (the "Agreement") is made by and between Williamson County, Texas (the "Investor") and First Southwest Asset Management, Inc. ("FSAM"). This agreement shall be effective as of the date of its acceptance by the Investor as indicated on the signature page hereof.

I. Terms and Conditions

This Agreement sets forth the terms and conditions governing the relationship of the Investor to FSAM with respect to securities and money which the Investor holds, from time to time, and which are available for investment or reinvestment (the "Portfolio"). This Agreement shall apply to any and all investable funds and securities in the Investor's Portfolio during the period in which this Agreement shall be in effect.

II. Investment Advisory Services

- A. **Services.** With respect to the Portfolio, FSAM will endeavor to provide investment advisory services and cause to be executed such trades as determined in accordance with Section II.B below. FSAM agrees to provide professional services and its facilities and to direct and coordinate all programs of investing as may be considered and authorized by the Investor and to assume and pay those expenses incurred by FSAM in connection with the execution of investment decisions. Specifically, FSAM agrees to perform the following duties:
1. Review the Investor's cash flow projections;
 2. Recommend appropriate strategies based upon cash flow requirements;
 3. Advise the Investor on current market conditions and other general information;
 4. Analyze risk/return relationships between various investment alternatives;
 5. Attend meetings of the governing body of the Investor, its staff, representatives, or committees as requested by the Investor, when the subject of investments is to be discussed;
 6. Assist in the selection of investment securities and, as directed by the Investor, cause the transactions to be executed;
 7. Advise on the investment of the Portfolio in a manner consistent with the Investment Policy, the proceedings of the Investor authorizing the investment of the bond funds and applicable state and federal rules and regulations;
 8. Promptly send (or cause to be sent) trade confirmations to the Investor; and
 9. Assist the Investor in creating quarterly investment reports as required by the Public Funds Investment Act, Texas Government Code, Chapter 2256.
- B. **Scope of Investment Decisions.** In performing the services listed in Section II.A above, FSAM shall not have discretionary authority and, accordingly, shall obtain approval from the Investor for
-

the purchase or sale of securities prior to execution. The Investor hereby represents and acknowledges that its written investment policy and investment strategy includes its investment objectives and all portfolio limitations and restrictions, including, without limitation, acceptable levels of investment risk. The Investor also agrees to notify FSAM in writing ten business days in advance of the implementation of any changes in the Investor's investment objectives, investment limitations, and/or financial condition. Furthermore, the Investor will give FSAM immediate verbal notice and written notice within five days of receipt of any trade confirmations should the Investor believe that any investment in the Portfolio violates the Investor's investment objectives or limitations.

- C. **Standard of Care.** In the administration of its duties, FSAM shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, not for speculation, but for investment, considering, with regard to the entire Portfolio rather than any particular investment or security, the probable safety of capital and the probable income to be derived.
- D. **Settlement of Securities.** The purchase of individual securities shall be executed "delivery versus payment" (DVP) through the Investor's safekeeping agent. By so doing, Investor's funds will be released when and if the Investor has received, through the safekeeping agent, the designated securities purchased.
- E. **Hold Harmless.** The Investor hereby agrees to indemnify and hold harmless FSAM, as well as any of its officers, directors, shareholders, affiliates, general partners, employees, agents and trustees, from (i) charges incurred by FSAM on the Investor's behalf and (ii) for any and all losses arising with respect to the Portfolio.
- F. **Return on the Portfolio.** The Investor expressly affirms and acknowledges that FSAM has not promised or guaranteed any stated or specified return on, or performance of, the Investor's investment portfolio.

III. Representations

- A. FSAM represents that it is registered as an investment advisor under the Investment Advisers Act of 1940 (the "Advisers Act") and is authorized and empowered to enter into this Agreement.
- B. The Investor represents and confirms that (1) the Investor has full power and authority to enter into this agreement; (2) the terms hereof do not violate any obligation by which the Investor is bound, whether arising by contract, operation of law, or otherwise; and (3) this Agreement has been duly authorized and will be binding on Investor according to its terms.
- C. The Investor agrees to:
 - 1. Provide FSAM with the schedule of estimated cash flow requirements related to the Portfolio, and promptly notify FSAM as to any changes in such estimated cash flow schedule;
 - 2. Provide FSAM, not less than monthly, with all relevant custodian, safekeeping and bank statements relating to all of the Portfolio; and
 - 3. Allow FSAM to rely upon all information regarding schedules or other information pertaining to the Portfolio as provided to it by the Investor as being true and accurate. FSAM shall have no responsibility to verify, through audit or investigation, the accuracy or completeness of such information and FSAM will not undertake to authenticate any such information.
- D. The Investor recognizes that there may be loss or depreciation of the current liquidation, immediate and ongoing value of any investment due to the fluctuation of market values. The Investor

represents that no party to this Agreement has made any guarantee, either oral or written, that the Investor's investment objectives will be achieved. FSAM shall not be liable for any error in judgment and/or for any investment losses in the Portfolio in the absence of willful malfeasance, gross negligence, or violation of applicable law. Nothing in this Agreement shall constitute a waiver or limitation of any rights that the Investor may have under applicable state or federal law including without limitation, the state and federal securities laws.

- E. Investor represents and acknowledges that Investor has reviewed and understands the risk factors and fees associated with the Portfolio.

IV. Fees and Costs of FSAM

As consideration for the services provided by FSAM under this Agreement, FSAM will be entitled to a fee (the "Advisor Fee") determined in accordance with the schedule set forth in the fee schedule ("Schedule A"), a copy of which is attached hereto, is incorporated herein for all purposes and is being delivered to the Investor simultaneously with the execution, and as an integral part, of this Agreement. The obligation of FSAM to pay or incur expenses shall not include any costs incident to litigation, mandamus action, regulatory investigation, test case or other similar legal actions. The Advisor Fee will be payable quarterly in arrears and shall be computed based upon the book value of the Portfolio under management. In the event this Agreement is terminated prior to the end of a quarter, the Advisor Fee shall be prorated and paid within 30 days of termination.

V. Reporting and Account Statements

FSAM will deliver or cause to be delivered to the Investor confirmation of transactions and/or periodic statements for the Portfolio as set forth in this Agreement. FSAM will also provide the Investor with an annual valuation of the Investor's Portfolio and any additional statements that may be required by applicable law, including the reporting provisions of the Public Funds Investment Act, or other applicable state law, with respect to transactions effected under this Agreement.

VI. Other Services

The investment advisory services provided hereunder by FSAM to the Investor are exclusive of any other services that FSAM may provide to the Investor.

VII. Execution of Investment Transactions

- A. **Affiliated Broker.** FSAM is affiliated through common ownership and control with First Southwest Company ("FSC"), a registered broker/dealer with the National Association of Securities Dealers, Inc. ("NASD"), the U.S. Securities and Exchange Commission ("SEC"), and various state and territorial regulatory authorities. Investor hereby authorizes FSAM to effect transactions for the Portfolio by execution through FSC. Where transactions are effected through FSC, FSC may act on an agency or principal basis to the extent permitted by law. Pursuant to Rule 206(3) of the Advisers Act, FSAM will obtain the Investor's consent on each investment transaction to allow FSC to act as a principal in acquiring a security to facilitate a trade. Fees for advisory services will be billed separately in accordance with the terms of this Agreement.
- B. **Bundling of Investment Transactions.** Transactions for each Investor account generally will be effected independently unless FSAM decides to purchase or sell the same securities for several Investors at approximately the same time. FSAM may (but is not obligated to) combine or "batch" such orders to obtain best execution. Under this procedure, transactions will be averaged as to price and will be allocated among FSAM's investors included in the "batch" group in proportion to the purchase and sale orders placed for each Investor in batch transactions.

VIII. Selection of Brokers

The Investor agrees that when FSAM effects or places orders for the execution of transactions for the Portfolio (other than situations where the Investor specifically instructs otherwise in writing), FSAM may allocate such transactions to such brokers and dealers for execution on such markets, at such prices as in the judgment of FSAM will be in the best interests of the Investor, taking into consideration, in the selection of such brokers and dealers, the available prices and rates of brokerage commissions and other relevant factors, without having to demonstrate that such factors are of a direct benefit to the Investor. Subject to the foregoing, FSAM will arrange for the execution of securities transactions for the Portfolio through brokers or dealers that FSAM reasonably believes will provide best execution.

IX. Non-Exclusive Relationship

The Investor hereby acknowledges that FSAM's services under this Agreement are nonexclusive, and that FSAM shall be free to render the same or similar services to other Investors. The Investor further acknowledges that FSAM's advice is specific to each individual Investor's investment objectives, limitations and financial condition. Therefore FSAM, in the performance of its investment advisory duties, may give advice to, and take action on behalf of, other Investors that may differ from the advice given, or the timing and nature of the action taken, with respect to the Investor's Portfolio. Nothing in this Agreement shall be deemed to impose upon FSAM any obligation to purchase or sell, or to recommend for purchase or sale for the Investor's Portfolio, any security that FSAM or its affiliates may purchase or sell, for their own account or for the accounts of any other Investor if, at the sole discretion of FSAM, it is for any reason undesirable or impractical to take such action or make such recommendation for the Investor's Portfolio. The Investor also acknowledges that FSAM has varying fee structures and arrangements with other investors and may charge their investors different fees, which may be higher or lower than the fees charged with respect to the Investor's Portfolio for similar services.

X. Instructions from the Investor

FSAM may rely on all instructions (whether oral or written) given by the Investor or its agents that FSAM believes to be genuine. FSAM's records of such a transaction will be conclusive as to the content of any instruction. Instructions may be given to FSAM by any officer or agent authorized by (1) the investment policy; (2) a duly executed "Authorization to Trade Public Funds" form provided by FSAM; or (3) a resolution of the governing body of Investor. FSAM may rely on such authorization until written notice to the contrary is delivered to FSAM by the Investor; and if the Investor does not deliver appropriate authorizing documentation, FSAM may accept instructions from any person reasonably believed by FSAM to be an officer of the Investor. The Investor agrees to hold harmless, and to indemnify and defend, FSAM, as well as any of its officers, directors, shareholders, affiliates, general partners, employees, agents, and trustees, against any and all losses sustained by FSAM resulting from or by reason of any and all claims, liabilities, losses, damages, charges, costs, fees, and expenses (including, without limitation, attorneys fees and costs, including fees of attorneys who may be FSAM employees or employees of FSAM's affiliates) arising out of or in connection with any action taken in reliance upon any instruction or inquiry believed genuine.

XI. Transactions Subject to Industry Regulations And Standards

All transactions shall be subject to the regulations of all applicable government authorities and self-regulatory agencies including, but not limited to, the constitutions and rules of the clearing agent, exchange, or market where executed. The Investor understands that FSAM is registered as an investment advisor under the Advisers Act, and as such is obligated to comply with all applicable laws and regulations, including those of the SEC and other regulatory and self-regulatory agencies, and agrees that FSAM shall not be liable to the Investor as a result of any action taken by FSAM to comply with any ruling, interpretation, or directive of such organizations. Further, Investor understands and agrees that FSAM will not accept any instructions from Investor which would require a violation of any such rules or regulations.

XII. Assignment

Neither FSAM nor the Investor may assign any of its rights, authorizations, or obligations under this Agreement without the prior written consent of the other party.

XIII. Term and Investor's Right of Cancellation

This Agreement shall become effective as of the date hereof and continue for a period of two (2) years. This Agreement may be extended for additional two (2) year periods upon approval by the Investor's governing body. Either party may terminate this Agreement upon delivering to the other party thirty (30) calendar days' prior written notice. In addition, the Investor may terminate this Agreement without penalty for a period of five (5) business days after the date it is executed by the Investor. The Investor may exercise this right by giving written notice to FSAM within the required time period. In the event of termination, it is understood and agreed that only the amounts due to FSAM for services provided and expenses incurred to and including the date of termination, plus those costs and expenses incurred or sustained as a result of the termination, will be due and payable. No penalty will be assessed for termination of this Agreement. In addition, the parties hereto agree that upon termination of this Agreement FSAM shall have no continuing obligation to the Investor regarding the investment of funds or performing any other services contemplated herein.

XIV. Custodial Arrangements

Custody of Portfolio assets will be maintained with a custodian selected by Investor and identified to FSAM (the "Custodian"). FSAM will not have custody of any assets in the Portfolio. Investor will be solely responsible for paying all fees or charges of the Custodian. Investor authorizes FSAM to give Custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the Portfolio.

XV. Miscellaneous

- A. **Notices to the Investor.** All written communication to the Investor shall be sent to the Investor's address set forth on the signature page hereof or as directed in writing to FSAM by the Investor. Any notice, statement, or other communication mailed to the Investor by FSAM in accordance with this section will be deemed to be given to the Investor personally on the date it is so mailed, whether or not it is actually received by the Investor.
- B. **Notices to FSAM.** Any notice, statement, or other communication from the Investor to FSAM under this Agreement must be in written form and will be deemed to be given to FSAM upon actual receipt thereof by FSAM, whether such notice was mailed, personally delivered, or telecopied to:

First Southwest Asset Management, Inc.
1700 Pacific Avenue, Suite 1300
Dallas, Texas 75201
Attention: Terence P. Burke
Fax Number: (214) 953-4111

- C. **Confidential Relationship.** All of the information and advice furnished by either party to the other under this Agreement, including their respective agents and employees, will be treated as strictly confidential by each party and will not be disclosed to third parties under any circumstances except as required by law.
- D. **Limitations of Liability.** Federal and state securities laws impose liabilities under certain circumstances on persons who do not act in good faith and, therefore, nothing in this Agreement shall in any way constitute a waiver or limitation of any rights that the Investor may have under federal and state securities laws.

- E. **Indemnity.** The Investor will indemnify FSAM for any loss, liability, or expense (including attorney's fees) which FSAM may incur as a result of, or arising from, any claims asserted by any third party with respect to the Portfolio or the services rendered by FSAM under this Agreement, except in cases of gross negligence or willful misconduct by FSAM in managing the Investor's Portfolio.
- F. **Inconsistent Provisions; Agreements.** If any provisions of this Agreement should become or be found to be inconsistent with laws, rules, or regulations of any government or regulatory body having jurisdiction over the subject matter herein, such provisions shall be deemed modified or rescinded in accordance with any such laws, rules, or regulations. To the extent that the provisions of this Agreement are inconsistent with the provisions of any account agreement or clearing agreement with FSAM or its clearing agent, as the case may be, then the terms of such account agreement or clearing agreement shall govern and such terms shall supersede the inconsistent terms herein.
- G. **Invalid Provisions.** If any provision or condition of this Agreement shall be held to be invalid or unenforceable by any Court, or regulatory or self-regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions shall not be affected, and this Agreement shall be carried out as if any such invalid or unenforceable provision or condition were not contained herein.
- H. **Waiver of Terms.** FSAM's failure to insist at any time upon strict compliance with any terms of this Agreement shall not constitute a waiver of any of FSAM's rights as described herein.
- I. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Texas, without regard to its principles of conflicts of laws.
- J. **Extraordinary Events.** Neither FSAM nor any of its officers, directors, shareholders, affiliates, general partners, employees, agents, or trustees shall be liable for losses caused directly or indirectly by government restrictions, exchange or market actions, suspensions of trading, wars, strikes, delays in the transmission of orders due to breakdown or failure of transmission or communication facilities, or any other causes beyond FSAM's reasonable control or anticipation.
- K. **Written Disclosure Statement.** Simultaneously with the execution of this Agreement, FSAM has delivered to the Investor Part II of its Form ADV as filed with the SEC, or a similar disclosure document, as its brochure pursuant to Rule 204.3 of the Advisers Act. The Investor's execution of this Agreement shall be deemed acknowledgment of receipt thereof.
- L. **Verification of Information.** The Investor represents and warrants to FSAM that all information furnished to FSAM in connection with the opening of the Portfolio (and all documents supplied by the Investor in this regard, including financial statements) are true, complete, and correct. FSAM is entitled to rely on this information until FSAM receives written notice of any change, which the Investor agrees to furnish promptly should any material changes occur.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK. THE NEXT PAGE IS A SIGNATURE PAGE.]

By signing this Agreement, the undersigned Investor acknowledges receipt of a copy of this Agreement, including Schedule A.

WILLIAMSON COUNTY, TEXAS

John C. Doerfler 4-25-00
Signature of Investor Date
John C. Doerfler
Print Name
County Judge
Capacity of Signatory
710 Main Suite 201
Address
Georgetown, Texas 78626

FIRST SOUTHWEST ASSET MANAGEMENT, INC.

Terence P. Burke 4-13-00
Signature of Officer Date
TERENCE P. BURKE
Print Name
PRESIDENT - INVESTMENT MANAGEMENT
Capacity of Signatory

APPENDIX A**FEE SCHEDULE AND EXPENSE ITEMS**

In consideration for the services rendered by First Southwest Asset Management, Inc. ("FSAM") in connection with the investment of the Portfolio for the Investor, it is understood and agreed that its fee will be based upon an annual fee calculated using the scale below applied against the book value of the investment portfolio. The value of the investment portfolio shall be the average month end book value of the securities in the portfolio.

Balances	Fee
Between \$0 and \$40,000,000	0.10% (10 basis points)
Between \$40,000,001 and \$100,000,000	0.08% (8 basis points)
Amounts greater than \$100,000,000	0.05% (5 basis points)

For purposes of calculating the investment advisory fees, all investment balances held in local government investment pools, money market funds, and cash accounts will be excluded from the average month end book value.

The fees due FSAM shall be due and payable 30 days following the conclusion of each calendar quarter. Said fee includes all costs of services related to the investment services provided under this Agreement, and all reasonable travel and business expenses related to the performance of these services. Any other fees earned by FSAM, relating to Investor transactions, shall be disclosed to the Investor.

On an annual basis, the minimum fee shall be \$10,000. If the fourth quarterly fee calculation, when accumulated with the fees previously paid for that year, does not exceed \$10,000, then the fourth quarterly fee shall be adjusted to result in an accumulated annual fee equal to \$10,000.

Sample Fee Calculation: Assuming an annual fee equal to 10 basis points (0.10%) of the Portfolio's average month end balance, or the equivalent thereof, the fee would be calculated as follows for the first calendar quarter:

Month	Ending Balance
January 31	\$38,000,000
February 28	40,000,000
March 31	42,000,000
Subtotal	\$120,000,000
Number of Months	3
Monthly Average	\$40,000,000
Advisory Fee (quarterly)	0.0010/4
Quarterly Fee	\$10,000

Name of Investment Adviser: First Southwest Asset Management, Inc.				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
1700 Pacific Avenue, Suite 1300	Dallas	TX	75201-4652	(214) 953 4000

This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

FORM ADV

Part II - Page 2

Applicant:

First Southwest Asset Management, Inc.

SEC File Number:

801- 40189

Date:

01/25/00

Definitions for Part II

Related person — Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services — Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

- Applicant:
- | | | |
|-------------------------------------|---|-------|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory services | 100 % |
| <input type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services | % |
| <input type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above | % |
| <input type="checkbox"/> | (4) Issues periodicals about securities by subscription | % |
| <input type="checkbox"/> | (5) Issues special reports about securities not included in any service described above | % |
| <input type="checkbox"/> | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | % |
| <input type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities | % |
| <input type="checkbox"/> | (8) Provides a timing service | % |
| <input type="checkbox"/> | (9) Furnishes advice about securities in any manner not described above | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term?

Yes ☐ No ☒

C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of Clients — Applicant generally provides investment advice to: (check those that apply)

- | | |
|--|---|
| <input type="checkbox"/> A. Individuals | <input type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input checked="" type="checkbox"/> G. Other (describe on Schedule F) |
| <input type="checkbox"/> D. Pension and profit sharing plans | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV
Part II - Page 3

Applicant:

First Southwest Asset Management, Inc.

SEC File Number:

801- 40189

Date:

01/25/00

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input type="checkbox"/> A. Equity Securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input type="checkbox"/> (1) exchange-listed securities | |
| <input type="checkbox"/> (2) securities traded over-the-counter | <input type="checkbox"/> I. Options contracts on: |
| <input type="checkbox"/> (3) foreign issuers | <input type="checkbox"/> (1) securities |
| | <input type="checkbox"/> (2) commodities |
| <input type="checkbox"/> B. Warrants | |
| <input checked="" type="checkbox"/> C. Corporate debt securities | <input type="checkbox"/> J. Futures contracts on: |
| (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| | <input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal securities | <input type="checkbox"/> (1) real estate |
| | <input type="checkbox"/> (2) oil and gas interests |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> (1) variable life insurance | |
| <input type="checkbox"/> (2) variable annuities | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV
Part II - Page 4

Applicant: First Southwest Asset Management, Inc.	SEC File Number: 801- 40189	Date: 01/25/00
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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes ☒ No ☐

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- | | |
|-----------------|--|
| • name | • formal education after high school |
| • year of birth | • business background for the preceding five years |

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☒ B. Applicant sells products or services other than investment advice to clients.
- ☒ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☐ C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C., on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes ☐ No ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant: First Southwest Asset Management, Inc.	SEC File Number: 801- 40189	Date: 01/25/00
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9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

☐ A. As principal, buys securities for itself from or sells securities it owns to any client.

☒ B. As broker or agent effects securities transactions for compensation for any client.

☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.

☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.

☐ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes

No

☒☐

(If yes, describe on Schedule F.)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. For reviews, include their frequency, different levels, and triggering factors. For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

While the underlying investments in a client's portfolio are reviewed continuously, Investment Supervisory Service accounts will be formally reviewed by a member of the Investment Committee at least quarterly. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

In addition to the monthly statements and confirmations of transactions that Investment Supervisory Service clients receive from their broker dealer, First Southwest Asset Management, Inc. (FSAM) will provide quarterly reports consisting of an investment appraisal of the client's portfolio.

Applicant: First Southwest Asset Management, Inc.	SEC File Number: 801- 40189	Date: 01/25/00
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12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:	Yes	No
(1) securities to be bought or sold?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(2) amount of the securities to be bought or sold?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(3) broker or dealer to be used?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(4) commission rates paid?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

B. Does applicant or a related person suggest brokers to clients?	Yes	No
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients?	Yes	No
	<input checked="" type="checkbox"/>	<input type="checkbox"/>
B. directly or indirectly compensates any person for client referrals?	Yes	No
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(For each yes, describe the arrangements on Schedule F.

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

• has custody of client funds or securities; or		
• requires prepayment of more than \$500 in fees per client and 6 or more months in advance		
Has applicant provided a Schedule G balance sheet?	Yes	No
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
First Southwest Asset Management, Inc.

SEC File Number:
801- 40189

Date:
01/25/00

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: First Southwest Asset Management, Inc.		IRS Empl. Ident. No.: 75-2397709
Item of Form (identify)	Answer	
1.D	<p>YEAR 2000</p> <p>First Southwest Asset Management, Inc. prepared itself well to do business in the year 2000. We examined our systems and identified the hardware and software that necessitated an upgrade or full replacement. We took the appropriate actions we felt would bring our systems to Y2K readiness. We established a goal to have our "mission critical" systems year 2000 compliant well in advance of the fourth quarter. We believe we met our objective. Included is a list of some of the steps we implemented:</p> <ul style="list-style-type: none"> • We replaced the majority of our desktop workstations. • We upgraded non-compliant software. • We replaced telecommunications components comprising the backbone of our system. • We upgraded our security systems. • We checked and tested custom and proprietary software. • We participated in industry-wide testing of our market data systems. • We participated in a multitude of Security Industry Association back office and trading system real-time tests throughout calendar year 1999. <p>This is just a partial list of our efforts to prepare First Southwest Asset Management, Inc. for the arrival of the New Year and New Century. We realized that unexpected and unforeseen events might still occur. In preparation, we developed contingency plans for our "mission critical" components and had a command center in place monitoring our systems during the New Year's weekend.</p> <p>As of the date of this filing, First Southwest Asset Management, Inc. has experienced no significant problems with its computer hardware and software and other equipment as a result of the year 2000 issue; and FSAM has not been made aware of any significant year 2000 problems by any of its third party vendors. FSAM intends to continue to monitor its computer hardware and software and other equipment, and that of its essential third-party vendors, for the purpose of identifying, assessing and, if possible, remediating the effects of any year 2000 problems that may become evident for a reasonable period of time following the date of this filing.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II

Applicant: First Southwest Asset Management, Inc.	SEC File Number: 801- 40189	Date: 01/25/00
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: First Southwest Asset Management, Inc.	IRS Empl. Ident. No.: 75-2397709
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Item of Form (identify)	Answer
2.G	<p>TYPES OF CLIENTS</p> <p>FSAM may also provide advice to cities, counties, school districts, utility districts and other organizations not previously specified.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**Applicant:
First Southwest Asset Management, Inc.SEC File Number:
801-40189Date:
01/25/00

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:
First Southwest Asset Management, Inc.IRS Empl. Ident. No.:
75-2397709

Item of Form (identify)	Answer
5	EDUCATION AND BUSINESS STANDARDS Advisory persons associated with FSAM must possess, minimally, the following: A college degree and/or appropriate business experience and all required licenses.

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
First Southwest Asset Management, Inc.

SEC File Number:
801- 40189

Date:
01/25/00

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:
First Southwest Asset Management, Inc.

IRS Empl. Ident. No.:
75-2397709

Item of Form (identify)	Answer
6	<p>EDUCATION AND BUSINESS BACKGROUND</p> <p>TERENCE P. BURKE Born: 1957</p> <p>Education:</p> <p>Graduated from Arizona State University in 1980 with a B.S. in Accounting.</p> <p>Employment:</p> <p>Arbitrage Rebate Director for First Southwest Company, Inc. from 1/88 to 2/92.</p> <p>President and Chief Operating Officer of First Southwest Asset Management, Inc. from 2/92 to 11/99.</p> <p>President of Investment Management, a subsidiary of First Southwest Asset Management, Inc. from 11/99 to Present.</p> <p>DONALD CAMPBELL Born: 1940</p> <p>Education:</p> <p>Graduated from Southern Methodist University in 1964 with a B.B.A. in Accounting.</p> <p>Also graduated from Southern Methodist Law School in 1966 with a J.D.</p> <p>Employment:</p> <p>General Counsel for Life Partners Group from 5/93 to 8/96.</p> <p>Self-employed attorney from 8/96 to 10/97.</p> <p>General Counsel and Senior Vice President of First Southwest Company from 10/97 to Present.</p> <p>Chief Legal Officer of First Southwest Asset Management, Inc. from 1/98 to Present.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II

Applicant: First Southwest Asset Management, Inc.	SEC File Number: 801- 40189	Date: 01/25/00
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: First Southwest Asset Management, Inc.		IRS Empl. Ident. No.: 75-2397709
Item of Form (identify)	Answer	
6	<p>SCOTT O. FERTIG Born: 1959</p> <p>Education:</p> <p>Attended Iowa State University from 1978 to 1980.</p> <p>Graduated from University of South Dakota in 1982 with a B.S. in Communications.</p> <p>Employment:</p> <p>Compliance Manager for Bear Stearns & Company, Inc. from 1/88 to 5/95.</p> <p>Control Administrator for Smith Barney from 5/95 to 8/97.</p> <p>Compliance Officer for First Southwest Company from 8/97 to Present.</p> <p>Chief Compliance Officer of First Southwest Asset Management, Inc. from 1/98 to Present.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
First Southwest Asset Management, Inc.

SEC File Number:
801- 40189

Date:
01/25/00

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: First Southwest Asset Management, Inc.		IRS Empl. Ident. No.: 75-2397709
Item of Form (identify)	Answer	
6	<p>PAUL E. SCHLOSBERG Born: 1950</p> <p>Education:</p> <p>Graduated from the University of Texas in 1973 with a B.B.A. in Finance.</p> <p>Also graduated from Southern Methodist University in 1976 with a M.B.A.</p> <p>Employment:</p> <p>AE - Managing Director of Bear Stearns & Company from 10/82 to 1/94.</p> <p>President & Chief Operating Officer of First Southwest Company from 1/94 to present.</p> <p>Chairman & Chief Executive Officer of First Southwest Asset Management, Inc. from 9/98 to Present.</p> <p>WILLIAM C. TIMM Born: 1944</p> <p>Education:</p> <p>Graduated from Texas Tech University in 1967 with a B.B.A. in Accounting.</p> <p>Employment:</p> <p>Vice President of Finance and CFO for Valhi, Inc. from 8/81 to 12/96.</p> <p>Sole Shareholder/Officer and Director for WCT Holdings, Inc. from 5/91 to 8/99.</p> <p>Chief Financial Officer for First Southwest Company from 6/99 to Present.</p> <p>Chief Financial Officer for First Southwest Asset Management, Inc. for 7/99 to Present.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
First Southwest Asset Management, Inc.

SEC File Number:
801- 40189

Date:
01/25/00

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:
First Southwest Asset Management, Inc.

IRS Empl. Ident. No.:
75-2397709

Item of Form (identify)	Answer
7.A	<p>THIS DISCLOSURE APPLIES TO FORM ADV PART II ITEMS 7A, 7B, 7C, 8C(1), 8C(3), 8C(9) & 9B:</p> <p>OTHER BUSINESS ACTIVITIES</p> <p>In addition to providing investment advice, FSAM offers the following non-advisory services, for which it receives separate and typical compensation:</p> <p>1) Public Funds Investment Reporting Service:</p> <p>a) FSAM prepares monthly or quarterly reports for governmental entities that comply with the Public Funds Investment Act and Governmental Accounting Standards Board requirements.</p> <p>b) In addition to the above, FSAM also offers monthly collateral valuation reporting, investment policy reviews for compliance with applicable state law, performance benchmark reporting and investment purchase tracking by broker or custodian.</p> <p>2) Arbitrage Rebate Services:</p> <p>a) Arbitrage rebate requirements require issuers to rebate any excess earned on the investment of tax-exempt bond proceeds in taxable securities. FSAM's compliance service advises issuers on rebate exceptions, and possible issue structures to best take advantage of the exceptions.</p> <p>b) FSAM has developed a proprietary rebate software system, which provides comprehensive arbitrage calculations.</p> <p>c) FSAM assists clients with IRS audits and overpayment requests.</p> <p>3) Money market fund participant services group. For this service, FSAM provides customer services/marketing for governmental investment pools. FSAM will not invest any managed client assets in these funds.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
First Southwest Asset Management, Inc.

SEC File Number:
801- 40189

Date:
01/25/00

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:
First Southwest Asset Management, Inc.

IRS Empl. Ident. No.:
75-2397709

Item of Form (identify)	Answer
7.A	<p>The principal officers and other associated persons of FSAM are separately registered as representatives of First Southwest Company, Inc. (FSC), an NASD-registered broker-dealer that is affiliated to FSAM through both ownership and control.</p> <p>In their separate capacity as registered representatives of FSC, these individuals will be able to implement recommended securities for advisory clients for separate and typical compensation.</p> <p>In addition Hillel Feinberg, Director of FSAM, is affiliated with the following firms:</p> <ol style="list-style-type: none"> 1. Chairman of the Board and President of First Southwest Holdings, Inc., FSAM's parent company. 2. Limited Partner of First Southwest Partners Ltd., a shareholder of FSAM's parent company. No advisory client of FSAM will ever be invested in this entity. 3. Vice President & Stockholder of First Southwest Management, Inc. <p>It is anticipated that Messrs. Campbell, Fertig and Timm will spend approximately 80% of their time on all related activities. It is anticipated that Paul Schlosberg will spend approximately 70% of his time on non-advisory activities, while Terence Burke will spend all of his time on advisory activities.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant:	SEC File Number:	Date:
	First Southwest Asset Management, Inc.	801- 40189	01/25/00

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: First Southwest Asset Management, Inc.	IRS Empl. Ident. No.: 75-2397709
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Item of Form (identify)	Answer
9.E	<p>FSAM or individuals associated with FSAM may buy or sell securities identical to those recommended to customers for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.</p> <p>It is the expressed policy of FSAM that no person employed by FSAM may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.</p> <p>As these situations represent a conflict of interest, FSAM has established the following restrictions in order to ensure its fiduciary responsibilities:</p> <p>1) A Director, officer or employee of FSAM shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of FSAM shall prefer his or her own interest to that of the advisory client.</p> <p>2) FSAM maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of FSAM.</p> <p>3) All clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.</p> <p>4) FSAM emphasizes the unrestricted right of the client to decline to implement any advice rendered, except in situations where FSAM is granted discretionary authority of the client's account.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
First Southwest Asset Management, Inc.

SEC File Number:
801-40189

Date:
01/25/00

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: First Southwest Asset Management, Inc.		IRS Empl. Ident. No.: 75-2397709
Item of Form (identify)	Answer	
9.E	<p>5) FSAM requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.</p> <p>6) Any individual not in observance of the above may be subject to termination.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
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Applicant:
First Southwest Asset Management, Inc.

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Date:
01/25/00

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:
First Southwest Asset Management, Inc.

IRS Empl. Ident. No.:
75-2397709

Item of Form (identify)	Answer
10	<p>CONDITIONS FOR MANAGING AN ACCOUNT</p> <p>FSAM generally requires a minimum account of \$2 million for Investment Supervisory Services governmental clients.</p> <p>Please refer to Item 1.D of this Schedule F narrative for complete detail.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II

Applicant:
First Southwest Asset Management, Inc.

SEC File Number:
801- 40189

Date:
01/25/00

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:
First Southwest Asset Management, Inc.

IRS Empl. Ident. No.:
75-2397709

Item of Form (identify)	Answer
12.A.1	<p>This disclosure is responsive to Items 12A(1), 12A(2), 12A(3) & 12A(4):</p> <p>For discretionary clients, FSAM requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold, as well as the broker dealer to be used and the commissions rates to be paid.</p> <p>Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
First Southwest Asset Management, Inc.

SEC File Number:
801- 40189

Date:
01/25/00

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:
First Southwest Asset Management, Inc.

IRS Empl. Ident. No.:
75-2397709

Item of Form (identify)	Answer
12.B	<p>INVESTMENT SUPERVISORY SERVICES</p> <p>FSAM will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions are based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help FSAM in providing investment management services to clients. FSAM may, therefore recommend (or use) the use of a broker who provides useful securities transaction services even though a lower commission may be charged by a broker who offers minimal securities transaction assistance. FSAM has no soft dollar relationships with any of the broker dealers to whom advisory trades are directed.</p> <p>Under certain circumstances, FSAM may opt to place trades with First Southwest Company, an associated broker dealer with which it is affiliated by both ownership and control, and where personnel of FSAM are licensed as sales people, to a client in need of assistance, provided FSAM can meet its fiduciary obligation of best execution. Under this scenario, FSC and the registered representatives will receive separate and typical commission compensation for effecting trades.</p> <p>FSAM will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple clients accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows FSAM to execute equity trades in a more timely, equitable manner and to reduce overall commission charges to clients. However, no personal transactions will ever be included in any client blocks.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

SCHEDULE I**Schedule for Declaring Eligibility for SEC Registration
Page 1****OMB APPROVAL**
OMB Number: 3235-0490
Expires: February 28, 2001
Estimated average burden
hours per response: 1.1618 hours

Applicant: First Southwest Asset Management, Inc.	SEC File No. 801- 40189	Date: MM/DD/YY 01/25/00
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Part I Eligibility for SEC Registration

Section 203(h) of the Investment Advisers Act of 1940 ("Advisers Act") authorizes the Commission to cancel or deny the registration of any investment adviser that does not meet the criteria for SEC registration set forth in section 203A of the Advisers Act. This Part I requires applicant to declare whether it is eligible, or continues to be eligible, for Commission registration.

Complete Schedule I in full, circle amended items, and file with execution page (page 1 of Form ADV) and any other amended pages of Form ADV.

SEC 2442 (8/98)

Check either (a) or (b):

(a) ☒ Applicant is eligible (or will remain eligible) for SEC registration.

For an applicant to be eligible (or remain eligible) for SEC registration, applicant must respond affirmatively (by checking the appropriate box or boxes) to at least one of the items (i) through (x) below:

Applicant:

(i) ☒ has assets under management of \$25 million (in U.S. dollars) or more;

Report assets under management in Part II if "assets under management" is the sole basis of applicant's eligibility for SEC registration (i.e., this item (i) is checked, and none of items (ii) through (x) below is checked).

(ii) ☐ has its principal office and place of business in Colorado,* Iowa,* Ohio, U.S. Virgin Islands or Wyoming (See Instruction 3);

(iii) ☐ has its principal office and place of business outside the United States (See Instruction 3);

(iv) ☐ is an investment adviser to an investment company registered under the Investment Company Act of 1940 (See Instruction 4);

(v) ☐ is a nationally recognized statistical rating organization;

(vi) ☐ is a pension consultant that qualifies for the exemption in rule 203A-2(b) (See Instruction 5(a));

(vii) ☐ is an investment adviser that controls, is controlled by, or is under common control with, an investment adviser eligible to maintain its registration with the Commission, and whose principal office and place of business is the same as the eligible investment adviser (See Instruction 5(b));

(viii) ☐ is a newly formed adviser relying on rule 203A-2(d) (See Instruction 5(c));

(ix) ☐ has received an order of the Commission exempting applicant from the prohibition on registration with the Commission;

Application number: 803-_____

Date of Commission's order: _____

(x) ☐ is a multi-state investment adviser relying on rule 203A-2(e) (See Instruction 5(d)).

(b) ☐ Registrant is no longer eligible for SEC registration. (See Instruction 6)

Applicant: First Southwest Asset Management, Inc.	SEC File Number: 801- 40189	Date: MM/DD/YY 01/25/00
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Page 3

Part II - Assets Under Management

Report assets under management if required by Part I (i.e., if item I(a)(i) is checked yes "(x)" and is the sole basis for applicant's eligibility for SEC registration).

State the amount of applicant's assets under management (in U.S. dollars): *(See Instruction 7)*

\$ 2,300,000,000 .00 (in U.S. dollars)

Applicants are reminded that it is a violation of section 207 of the Advisers Act to make any untrue statement of a material fact in any report filed with the Commission, or willfully to omit to state in any such report any material fact that is required to be stated therein.

AGENDA 30

151

Discuss and consider awarding food service contract for jail and juvenile services.

Four bids were received for food service contract for jail and juvenile services.

ABL is the current provider

Basic Food Service out of Lubbock

CFM – Correctional Food Service Management

Arrow-Mart

Moved: **Commissioner Boatright**

Seconded: **Commissioner Heiligenstein**

Motion: To award food service contract to Correctional Food Service Management at a cost of \$0.879 per meal at the jail and \$1.995 for the juvenile facility

Vote: 4 – 0 Commissioner Hays absent from the dais.

AGENDA 31

Discuss and consider approving 30-day extension on current food service agreement.

Moved: **Judge Doerfler**

Seconded: **Commissioner Limmer**

Motion: To approve 30 day extension on current food service agreement.

Vote: 4 – 0 Commissioner Hays absent from the dais.

AGENDA 32

Discuss and take appropriate action concerning recommendations from the Williamson County Loss Control Steering Committee.

Moved: **Judge Doerfler**

Seconded: **Commissioner Boatright**

Motion: To approve recommendations from the Williamson County Loss Control Steering Committee.

Vote: 5 - 0

<Clerk Copy Here>